



**STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE
BOARD FOR LICENSING CONTRACTORS**

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Warning Against Hiring Unscrupulous Contractors!

The weather may be unpredictable, but you can always count on a new scam from unscrupulous contractors. The Tennessee Board for Licensing Contractors warns consumers to be **cautious from solicitations at your door** with offers to make repairs, especially after a storm. Storm chasers continue to be creative in finding ways to take advantage of homeowners, and if insurance money is available, they are especially eager. Some will send out salesmen to inspect your roof and find where it needs to be completely replaced at no expense to you, as long as you turn over the entire insurance check. Unfortunately, once the homeowner signs over the check, they never hear back from the contractor. It is advised to **never pay cash or sign over an insurance check!**

Consumers are encouraged not to rush into hiring a contractor and to take steps to protect you from con artists who will take your money and run, or from incompetent contractors who will perform shoddy work. The following is a list of tips to follow before hiring a contractor:

TIPS TO HIRING A CONTRACTOR

- **Hire only licensed contractors** - Ask for their Tennessee license ID number and verify their status online at: <http://verify.tn.gov/> or contact the Board at: **(800) 544-7693**. *(If a licensee requests full payment before the work is started or complete, they may be in violation of the law and you may report them to the Board at: <http://tn.gov/commerce/boards/contractors/index.shtml>)*
- **Check out the contractor** - Don't hire the first contractor who comes along. It's best to hire someone referred to you by a happy past customer. Get at least **three (3) estimates, and check their references** *(don't rush into repairs, no matter how badly they're needed)*. Be skeptical of solicitations from those with out-of-state license plates, unmarked vehicles, or if they pressure you to hire them in order to get a discount. Check out their rating with the Better Business Bureau (BBB).

- **Get a written contract** - Make sure the contractor's name, address and telephone number on the contract is legitimate (*not a P.O. Box address or phone answering service*). Review the contract for the start and completion date; cancelation costs; materials; and warranty. Be cautious of expensive change orders.
- **Proof of insurance** – Ask for proof of General Liability; and Workers' Compensation is required by those with one (1) employee.
- **Payment - never pay cash** – Never sign over an insurance check or pay for the project before it's started or complete. (*Paying with a credit card may provide added protection*). The Home Improvement law prohibits contractors requesting more than 1/3 down payment and we encourage reporting these violations to our Board.
- **Permit and Inspections** - Make sure the contractor obtains the local permits for inspections. The homeowner should never obtain the permit in place of the contractor since the codes enforcement office can help ensure they are properly licensed, insured and bonded, as well as the work performed to code.
- **Report** – Contact the Board's office to file a complaint against a contractor for law violations or unlicensed activity at: <http://tn.gov/commerce/boards/contractors/>

LICENSE REQUIRED BY LAW

A license is required by law before a contractor may even make an offer or contract. Those contracting directly with the homeowner are typically called the prime (*general*) contractor; a subcontractor is one who contracts directly with the licensed contractor, and not the owner. The following describes the type of license required by law:

- A **“Contractor’s”** license is required for projects where the total cost or contract price is **\$25,000 or more** (*including material and labor*);
- A **“Home Improvement”** license is required for projects **\$3,000 to \$24,999**, including material and labor, in the following nine (9) counties: Bradley, Davidson, Hamilton, Haywood, Knox, Marion, Robertson, Rutherford and Shelby.
- **Electrical, Plumbing and HVAC Trades** – Check with local government requirements, as these trades typically require a minimum of a local license and permit for inspections, regardless of the cost. (*A Limited*

License for Electricians (LLE) and Plumbers (LLP) are issued by the State in most areas without a codes enforcement office with inspections provided by the State). A license is required by these trades for both a prime and subcontractor.

ONLINE LICENSE SEARCH TIPS

Check to ensure the contractor is properly licensed. Their name on the contract should match the name on the license. Check online to ensure their license has an active status and current expiration date.

- **Verify the license at the Board's website**

- **Check for Active Status** – <http://verify.tn.gov/>
- **License # or Name Search** – Check the license by their ID # or name as licensed. (If unsure, enter part of the name in the “Name” field, only, with the percentage sign, such as “ %Jones “ and it will bring up all licenses with this as part of the name. You may also email the Board at: Contractors.Home-Improvement@TN.Gov
- **Classification and Limit** – All “Contractor” licensees have a monetary limit and classification designated on their license.
 - Click onto “**Details**” by their licensed ID # to review the next page, and scroll down to see their license classification and monetary limit.
 - The acceptable **classification** for residential building and repair would be within one of the “**BC**” **building categories** such as: *BC-A (Residential); BC (Residential, Commercial and Industrial)*. See the Board's website a complete [“Classification Outline”](#) for more details.
 - **Monetary limit** is the amount the contractor is approved to contract (plus 10%) and this includes materials, labor, profit, etc., Assigned to the contractor's license based upon their financial statement and experience.

Consumers may also verify a license status and complaint history by calling our office toll-free at **(800) 544-7693**.

COMPLAINT HISTORY

The “[Disciplinary Action](#)” reports and “[Problem Contractor](#)” list will only disclose “closed” complaints. Those cases which are still open and pending an investigation or disciplinary hearing, are not listed and you would need to check with our Board on their complaint history. The Board’s website has “[Consumer Resources](#)” with links to the Division of Consumer Affairs; Better Business Bureau ([BBB](#)); Federal Emergency Management Agency ([FEMA](#)); and also check with the “[Division of Insurance](#)” for more their information.

Following these tips may prevent a natural disaster from further resulting into a man-made one. Due to the current conditions of the building industry, several licensed contractors are available and offer competitive price estimates.

Should you encounter problems while rebuilding or wish to report an unlicensed contractor, you may do so by completing a complaint form from the website or contacting the Board’s office.

Website: <http://tn.gov/commerce/boards/contractors/>
Telephone: (800) 544-7693

OTHER RESOURCES

Better Business Bureau (BBB) – Check complaint history and tips to prevent scam artists.
<http://nashville.bbb.org/>

Local Government Officials
<http://www.tennesseeanytime.org/local/index.html>

Tennessee Division of Consumer Affairs
<http://tn.gov/consumer/index.shtml>

Tennessee Division of Insurance
<http://tn.gov/commerce/insurance/index.shtml>

Tennessee Emergency Management Agency (TEMA) – Disaster Assistance Information
<http://www.tnema.org/>

Tennessee Department of Environment and Conservation – Mold Tips
<http://health.state.tn.us/environmental/mold.htm>

Tennessee Department of Health - Flood and Safety Tips
<http://health.state.tn.us/floodandsafety.htm>